

PRESIDENT BUSH & GOP LEADERSHIP ARE BLOCKING QUICK ACTION ON \$60 BILLION IN IMMEDIATE TAX RELIEF FOR WORKING FAMILIES

The GOP Is Holding The Economy Hostage: Insisting That There Will Be No Immediate Tax Relief Without Attaching The President's Highly Controversial \$2 Trillion-Plus Tax Cut Package

"What's going to happen is that Mr. Bush will try to take the economy hostage: he will insist that we can't have an immediate tax cut ... unless we accept his whole plan. There's no logical reason why: Congress can easily give each ordinary family a few hundred dollars now without agreeing to give individuals with million-dollar incomes \$50,000 tax breaks every year after 2006. But Mr. Bush and his allies will try to prevent Congress from taking any helpful short-run actions unless he gets it all."

Economist Paul Krugman, Column, New York Times, 3/28/01

Despite the fact that the current economic slowdown is the number-one concern of American families across the country, the Republican Congress is leaving town for two weeks with no action on a \$60 billion package of immediate tax relief. Following are some key points about this GOP inaction:

- ! **There is bipartisan consensus right now in both the House and Senate for a \$60 billion package of immediate tax relief – it could be enacted by May 1.** There is now extraordinary bipartisan consensus for a \$60 billion tax relief package for FY 2001 – i.e., using \$60 billion of the current fiscal year surplus to provide immediate relief to taxpayers. President Bush, Senate and House GOP leaders, and Senate and House Democratic Leaders have all now called for the need for such a \$60 billion package.
- ! **A \$60 billion package of immediate tax relief would get money into people's pockets right away.** All seem to agree that a \$60 billion tax relief package for FY 2001 is the best way to get money into people's pockets quickly – thereby giving the economy the "second wind" that so many analysts have been calling for.

- ! **At the same time, there is no bipartisan consensus in the House and Senate for the President's \$2 trillion-plus tax cut proposal over 10 years.** At the same time that there is extraordinary consensus for a \$60 billion tax relief package for FY 2001, there is no bipartisan consensus for the President's 10-year, highly-controversial \$2 trillion-plus tax cut package. Not only is there no bipartisan consensus – even certain Republicans have made clear that they do not support the President's plan. For example, two Senate Republicans have called the President's tax cut too large and fiscally irresponsible. Sen. Lincoln Chafee (R-RI) has said, "I think \$1.6 trillion is too big." And Sen. Jim Jeffords (R-VT) has said, "I'm more concerned about paying off the debt. The tax cuts ... are higher than I would like to see."
- ! **President Bush and the GOP Leadership have decided to hold the economy hostage: insisting that there will be no immediate tax relief unless the President's entire \$2 trillion-plus tax cut package is attached and enacted as well.** By tying \$60 billion in immediate tax relief to the President's 10-year highly-controversial, \$2 trillion-plus tax cut package, President Bush and the GOP are ensuring that there will be no immediate tax relief enacted over the next several weeks – and perhaps not until the end of the summer. It is clear that the President's \$2 trillion-plus tax cut package is in serious trouble in the Senate – and will have to undergo fundamental changes in order to win final passage. Negotiations haven't even begun on what major changes would have to be made in the President's package in order to win more support. Hence, by tying immediate tax relief to the \$2 trillion-plus tax cut, the Republicans are ensuring that it may be a number of months before the American people will have any chance of seeing tax relief for the current fiscal year signed into law.
- ! **The American people would like to see the Congress respond to this economic slowdown – and yet Republicans are blocking the way.** All of the latest public opinion polls show that the economy has now risen to be the number-one concern of the American people. Indeed, in a Washington Post-ABC News poll published on March 27, 58% of the public said that they feared that the country may be headed into a recession. Hence, by blocking this immediate tax relief package, the Republican Administration and Republican Congress risk being seen by the American public as blocking action on what the public perceives as the country's most important concern.